

**DISTRICT OF COLUMBIA
WASHINGTON, DC**

**APPLICATION FOR SECTION 108 LOAN GUARANTEE
ASSISTANCE
FOR THE DC USA PROJECT**

1. INTRODUCTION

The District of Columbia is requesting Section 108 Loan Guarantee funding assistance in the amount of \$56 million to assist with the development of a major retail shopping center, to be known as DC USA, and other neighborhood economic development priorities in the Columbia Heights neighborhood.

DC USA offers several benefits to the community:

- 1650 permanent jobs and approximately 700 construction jobs
- the opportunity for District residents to purchase quality goods and services from national and local retailers not presently available in the area;
- increase in local sales and property tax revenues needed to support improved schools, roads and other services; and,
- a fund to improve neighborhood infrastructure and minimize displacement of local businesses.

Located along 14th Street, N.W. between Park Road and Irving Street, DC USA will be a 540,000 square foot retail complex with an estimated \$146 million in development costs. Columbia Heights residents have waited since the property damage caused by the 1968 riots for a revitalization of this historic commercial corridor.

DC USA is projected to bring 1,650 permanent jobs to the neighborhood, 700 construction jobs for a two-year period, and provide goods and services to this predominantly low- and moderate-income community. Between the construction period and the first two operating years, the project is expected to pay employees over \$100 million in wages – with some 91% of wages designated to non-management employees. Ninety-four percent of the permanent jobs are non-management with low barriers to employment for area residents.

An ancillary benefit is visibility: residents will feel safer and more secure in and around their homes with a more highly traveled commercial corridor. DC USA will offer family-oriented restaurants and wholesome entertainment. District planning officials have worked extensively with community residents, holding over sixty meetings, to design a series of public realm improvements that will use DC USA as the engine to power an economic resurgence of the Columbia Heights neighborhood. A retail market

study from a third party consultant indicates that the District of Columbia is underserved by retail development and that the DC USA project should be a notable success.

Private market forces alone will not build this retail center, because the high costs of land and the underground parking structure make the project economically unfeasible. The District has analyzed this project and determined that it requires some form of public financial support. To provide a financial incentive to the developer, and to make it reasonably attractive to the developer, the District proposes to make a strategic investment in the project by using the Section 108 Loan Guarantee proceeds TO pay for the construction of the underground parking facility and other construction costs. The District also plans to use \$6 million of Section 108 Loan Guarantee proceeds to finance a neighborhood economic development fund, of which \$4.8 million will be allocated to public space improvements and \$1.2 million will be allocated to minimize small retail displacement. The District intends to hold the controlling interest in the Parking Facility, which is integral to the project as the underground parking facility and also functions as the structural foundation for the retail components built above ground. The District plans to repay the Section 108 debt obligations through payments from tax revenues derived from a Tax Increment Finance (TIF) district that will be created.

2. PROJECT DESCRIPTION AND PROPOSED USE OF FUNDS

The DC USA Project (the "Project") includes three components: (i) a multi-level retail and entertainment complex (the "Complex"), (ii) a underground three-story garage/parking facility (the "Parking Facility"), and (iii) a neighborhood economic development fund (the "Neighborhood Fund") that will finance both public space improvements and targeted assistance to neighborhood businesses. The Project will bring new economic vitality to the Columbia Heights neighborhood. The Complex and Parking Facility are to be located on a 4.89-acre site at the intersection of 14th and Irving Streets, N.W., in a Priority Development Area of the District. The Neighborhood Fund investments will be clustered most intensively within a half mile radius (5 minute walk) of 14th and Irving, the location of both the Columbia Heights Metro station and the Complex and Parking Facility. The District may invest Neighborhood Fund monies anywhere in the Columbia Heights neighborhood. The neighborhood's boundaries are Spring Road to the north, 11th Street to the East, Euclid Street to the south, and 16th Street to the west. A Target store will be the principal anchor and several other big box retailers are expected to lease space in the Complex of the Project. There has been considerable interest from other national retailers such as Whole Foods, Bed Bath & Beyond, Best Buy, Marshall's, Borders' Books and Music, World Market and Pier 1 Imports. Moreover, Starbucks has expressed interest in a ground floor corner location for its first Columbia Heights store. Finally, the Project will have restaurants, smaller retail spaces and three levels of below-grade parking to accommodate 1,364 cars.

The current owner of the Complex and Parking Facility site is the RLA Revitalization Corporation (RLARC), a subsidiary of the National Capital Revitalization Corporation, an instrumentality of the District of Columbia, statutorily established to assist in the

redevelopment of underutilized parcels of land in the District. The RLARC will sell the land to the developer pursuant to a Land Disposition and Development Agreement between RLARC and DC USA Operating Co., LLC (the "Developer"), dated January 17, 2003. Upon completion of the initial shell construction of the Complex and the Parking Facility, the Complex and Parking Facility will be made the subject of a commercial condominium regime with three commercial units—the Target unit, the retail unit and the Parking Facility. The Target Unit will be built and sold upon completion to Target. Currently, there is not a single Target store anywhere in Washington, D.C. The developer will own the remaining retail unit. The District shall maintain a controlling interest in the Parking Facility. The total development costs are estimated at \$146 million for the complex and parking facility and \$158 million for the whole Project (See Exhibit A for estimated Development Budget, including Sources and Uses and Construction Budget, as of November 7, 2003. Also See Exhibit K for total Project Development Costs, including neighborhood economic development costs and Section 108 Loan Guarantee financing costs).

The Project will have a significant impact on the neighborhood and the local economy, where job creation will be one of the chief benefits. Approximately 700 temporary jobs will be created during the construction period, and 1,650 jobs once the Complex is operational. Over 1500 (94%) of those jobs are non-management jobs. Please see Exhibit B for specific wage projections.

Columbia Heights is a vibrant, multiethnic urban neighborhood with a rich history. Approximately 30,000 people currently live in Columbia Heights. The neighborhood includes a number of schools and a wealth of civic institutions that reflect the diversity of the community. The primary commercial corridor of the neighborhood, 14th Street NW, was significantly damaged in the 1968 riots following the assassination of Martin Luther King, Jr. Re-investment in the neighborhood core over the following thirty years has been minimal. Columbia Heights is now changing rapidly as it attracts new housing, significant retail development and an influx of new residents. There are currently fourteen acres in various stages of development within walking distance of the Columbia Heights Metro and the Project.

The Developer has agreed to ensure that the community benefits from the Project in three main ways: subsidized rental space, a commitment to hire District residents, and a commitment to contract with small, local, or disadvantaged businesses (LSDBE). The Developer will enter into a First Source hiring agreement with the District. The Development Corporation of Columbia Heights (DCCH), a local community development corporation, is under contract with the Developer to marry District residents to job opportunities. The Department of Employment Services (DOES), the Office on Latino Affairs (OLA) and numerous community-based organizations will be instrumental in ensuring that District residents get and keep jobs at DC USA. The Developer has also committed to signing a Memorandum of Understanding with the Office of Local Business Development (OLBD) to ensure that LSDBEs participate in 35% or more of contracting opportunities. OLBD, OLA and community-based organizations will work together to ensure that LSDBEs participate in the Project. Finally, the Developer will offer 15,000 square feet of retail space at 67% of the market rents to local entrepreneurs.

Summarizing, the Developer:

- Has set a goal of 35% of contracts for minority and/or local firms, and 35% of the subcontracting dollar percentage for Minority Business Enterprises.
- Shall use reasonable efforts to achieve a goal of 75% employment for District residents and minorities.
- Has set aside 15,000 square feet of retail space in the Complex as a special business opportunity with a discounted rental rate to assist local and minority-owned entrepreneurs located in the Project.

Interim financing sources are comprised of Developer equity, a land subsidy from the RLARC, Section 108 Loan Guarantee financing, and conventional debt financing. Permanent financing for the Complex will include Developer equity, conventional debt financing, and the sales proceeds from the sale of the Target Unit and proceeds from the Section 108 Loan Guarantee. The complete Sources and Uses of funds are listed in Exhibit C.

The District plans to enter into a funding agreement with the Developer, evidenced by a term sheet, where the District finances the construction of the Parking Facility and other construction costs in the Complex. The District intends to retain a controlling interest in the Parking Facility. Because the retail and Target components of the Complex will be built above the underground parking, the District and the Developer must jointly finance and develop the Parking Facility and the Complex. The District will outsource the operations to a third party professional parking management company, while ensuring that the parking serves the retailers' needs as well as those of the community.

The District has carefully considered the ownership and finance options for the Parking Facility and the Complex, and has determined that this investment will leverage significant private sector resources while providing the District with reasonable risks and substantial benefits. The District will establish a Tax Increment Finance (TIF) district to capture the increased property and sales tax revenue from the Project. This TIF revenue will be pledged by the District to repay the Section 108 Loan Guarantee financing. See Exhibit D for TIF revenue projections.

In addition to \$43.5 million in funds for the Parking Facility and other Complex construction costs, the District will use funds to capitalize interest payments, to set aside a debt service reserve fund, to cover the costs of origination and to create a Neighborhood Economic Development Fund (Neighborhood Fund) to finance related infrastructure improvements and minimize displacement to businesses in the vicinity of the Project, as shown below. The Neighborhood Fund will be administered primarily by the Office of the Deputy Mayor for Planning & Economic Development with input with the Department of Housing and Community Development (DHCD), as governed by a Memorandum of Understanding between the parties. Funds will be allocated and disbursed according to a formal program administered by the Office of the Deputy Mayor for Planning & Economic Development with input from DHCD.

Three uses of the Section 108 loan proceeds		
1. Project Fund	Project Fund: Parking Garage	\$ 42,235,129
	Project Fund: Other Construction	\$ 1,256,850
2. Neighborhood Economic Development Fund	Infrastructure Improvements	\$ 4,800,000
	Façade and Retail Upgrade Fund	\$ 1,200,000
3. Financing costs	Capitalized Interest	\$ 1,410,033
	Debt Service Reserve Fund	\$ 4,320,319
	Costs of Origination	\$ 565,500
	Contingencies	\$ 212,169
Total Loan Proceeds		\$ 56,000,000

3. COMPLIANCE WITH NATIONAL OBJECTIVES

The proposed use of Section 108 Loan Guarantee assistance by the District will comply with the national objectives of the Community Development Block Grant program [24 CFR 570.200(a)(2)]. This determination of compliance has been reached by application of the criteria in 24 CFR 570.208(a)(4) where the Project will generate some 1,650 jobs and more than 51% of those will be available to low and moderate-income persons. Applying 24 CFR 570.208(a)(4)(iv)(B), the District is permitted to assume that the jobs to be created will be available to low- and moderate-income persons because the assisted businesses are located “in a Federally-designated Empowerment Zone or Enterprise Community.” Provisions of the Taxpayer Relief Act of 1997 established the District of Columbia “Enterprise Zone”, which is the special designation within the District of Columbia equivalent to an Empowerment Zone/Enterprise Community.

The Project will be located in Census Tracts 28.01, 28.02, 29, and 30, and will involve portions of Census Tracts of 36 and 37. The Complex and Parking Facility will be located in Census Tract 28.02. The Neighborhood Economic Development Fund will affect Census Tracts 28.01, 28.02, 29, 30 and portions of Census Tracts 36 and 37. The Neighborhood Economic Development Fund will finance both public space improvements and assistance to businesses located in these Census Tracts, within the context of the Office of Planning’s Columbia Heights Public Realm Framework.

The Parking Facility portion of the Project is an Eligible Activity under 24 CFR 507.203(a) which includes the “the acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures, and other real property equipment and improvements, including railroad spurs or similar extensions. Such activities may be carried out by the recipient or public or private nonprofit subrecipients.” The Façade and Retail Upgrade Fund and the other construction costs for the Complex are Eligible Activities under 24 CFR 507.203(b) which includes the “provision of assistance to a private for-profit business, including, but not limited to, grants, loans, loan guarantees, interest supplements, technical assistance, and other forms

of support, for any activity where the assistance is appropriate to carry out an economic development project, excluding those described as ineligible in §570.207(a).” Finally, public space and infrastructure improvements funded by the Neighborhood Economic Development Fund are eligible under 24 CFR 507.201(c) which includes the “Public facilities and improvements. Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, except as provided in 570.207(a), carried out by the recipient or other public or private nonprofit entities.”

The Project is eligible for waiver of the public benefit test as defined in 24 CFR 570.209 (b)(1)(i). Per 24 CFR 570.209(b)(2)(v), “Any activity subject to these guidelines which meets one or more of the following criteria may, at the grantee's option, be excluded from the aggregate standards described in paragraph (b)(1) of this section:

- F. Provides assistance to business(es) that operate(s) within a census tract (or block numbering area) that has at least 20 percent of its residents who are in poverty;
- G. Stabilizes or revitalizes a neighborhood that has at least 70 percent of its residents who are low- and moderate-income;”

The Project will meet both criteria in subsections F. and G. With respect to subsection F., the Project provides assistance to businesses located in Census Tracts 28.01, 28.02, 29, and 30, and may involve portions of Census Tracts of 36 and 37. Approximately ninety percent (90%) of the Section 108 Loan Guarantee proceeds will be spent in Census Tract 28.02. Census Tract 28.02 has a poverty rate of 33%¹. The remaining Section 108 Loan Guarantee Proceeds – allocated to the Neighborhood Economic Development Fund – will be disbursed in census tracts 28.01 (29.8% poverty), 28.02 (33%), 29 (19.6%), 30 (37.7%), 36 (27.9%) and 37 (34.1%). In sum, the Project will assist businesses that are located in census tracts with greater than 20% rates of poverty.

With respect to subsection G., the Project revitalizes a neighborhood in which at least 70% of its residents are low- and moderate-income (LMI). The Project revitalizes the Columbia Heights neighborhood. Columbia Heights is defined by the Office of Planning as bounded by Spring Road to the north, 11th Street to the East, Euclid Street to the south, and 16th Street to the west. The Census Tracts that describe this geographic area are 28.01, 28.02, and 30, and significant portions of Census Tracts of 29, 36 and 37.

The census tracts are shown on the following page.

¹ % Poverty – All Individuals, 2000 Census, census.gov, 11/20/2003.

Low- and Moderate-Income Resident Concentration in Columbia Heights²	
Tract	% of Population that is Low- and Moderate- Income
28.01	81%
28.02	81.6%
29	68%
30	78.5%
36	77.6%
37	80.3%
Average	78%

The Project stabilizes or revitalizes the Columbia Heights neighborhood through job creation, increased retail services and other amenities, enhanced neighborhood infrastructure, stronger neighborhood businesses and safer neighborhood streets. The streets will be safer through a combination of increased foot traffic and a better public environment through better lighting and traffic signalization. The Project also helps to revitalize Columbia Heights through redevelopment of land that has been largely underutilized since the arson and looting of the 1968 riots. Finally, the Project is a cornerstone in the overall redevelopment strategy that the District government and the National Capital Revitalization Corporation are jointly pursuing in Columbia Heights.

4. **DEVELOPMENT ENTITY**

The Developer will be a limited liability company named DC-USA Operating Co., LLC, a New York limited liability company, and a single purpose entity formed solely for the development of the Project. The members of the LLC will be Grid Properties, Gotham Organization, and Joseph Searles III. The Developer has significant experience working on large-scale retail projects in urban environments, perhaps most notably with its successful Harlem USA project. Harlem USA is a 275,000 square foot development in the nation's most famous African American community, Harlem a section of New York City. This complex includes a Disney Store, Old Navy, a 9-screen 2,700 seat multiplex operated by Magic Johnson Theatres, and other national chains.

Exhibit E lists Developer experience and contact information.

5. **REPAYMENT SCHEDULE**

The District, in keeping with Section 108 Loan Guarantee requirements, will execute a series of promissory notes, a fiscal agent agreement, and a loan and security agreement to

² Low and Moderate Income Data from Census 2000 Low and Moderate Income Summary Data, <http://www.hud.gov/programs/cpd/systems/census/lowmod/index.cfm>, 11/21/2003.

evidence the Section 108 Loan Guarantee of \$56 million.

The requested principal repayment schedule for the District is:

Years 1-3	Interest Only (TBD)
Years 4-19	\$3,295,000 annually
Year 20	\$3,280,000

The TIF revenue to be used by the District to make principal payments will only become available after the Project is built and operational. Therefore, the District would like to take advantage of the interim financing available under the Section 108 Loan Guarantee for a 36-month period and capitalize the interest payments from loan proceeds, per §570.703(c).

See Exhibit F for projected repayment schedule with loan balances for entire term of loan, revised as of 11/07/2003.

6. **UNDERWRITING**

The District has carefully reviewed the feasibility of the Project to determine how the development financing might be structured. It has come to the conclusion that the net operating income of the development will not generate sufficient income to repay the entire Project debt, while allowing the investors to achieve a reasonable rate of return. If the Developer must carry the long-term debt associated with the Complex (keeping in mind that the Target unit will be sold to Target), the Project becomes economically unfeasible for the Developer. See Exhibit G for the Operating Pro Forma, as of November 7, 2003.

The District has decided to support the Project by assisting in defraying the costs of construction of the Parking Facility, other related construction costs and by the establishment of a Neighborhood Fund. The District shall, with Council approval, create a special tax district to utilize Tax Increment Financing as a source of revenue to repay the Section 108 Loan Guarantee. The District has conducted an underwriting analysis which indicates that the Tax Increment Financing can support \$56 million in Section 108 Loan Guarantee obligations. This assessment is based upon very conservative projections of the ad valorem and sales tax revenues that would be available for the District when the project is operational.

All parties have explored additional sources of potential funding for the Project, and have determined that there exists no financially acceptable alternative to the proposed Section 108 Loan Guarantee. Further, all parties have explored other subordinate financing and/or grant funds to support the Project and reduce the amount of Section 108 funds required. As of the filing of this request, no additional sources of subordinate financing have been identified. The District certifies that no other public or private sources of funds are available to fund this Project, other than those, which have been committed.

To arrive at the Section 108 Loan Guarantee amount the District considered the feasibility of the proposed Project, and reviewed the following criteria:

- Land Disposition and Development Agreement with the RLARC
- Project development budget
- Capacity of the development team to build and operate the Project
- Operating Pro Forma, including assumptions on revenues and expenses
- Tax Increment Financing revenue projections, including the assumptions in regards to increases in the sales and ad valorem taxes for the TIF District
- Legal structure of the development and ownership entities to ensure compliance with local TIF statutes
- Sources and Uses of Project Financing

The following assumptions were made about the rate and terms of the Section 108 Loan Guarantee:

Loan Term: 20 years
Principal Payments: 17 years
All-in Rate: 5.5%

Collateral pledged for loan: District interest in Parking Facility and District CDBG present and future allocations

Based upon the due diligence completed, the District has concluded the following information about the Project:

- Annual TIF Revenue Available: \$6,560,955
- Estimate Annual Payment on HUD Section 108 Loan Guarantee (based upon level P&I payments over 17 years): \$5,262,437
- Debt Service Coverage Ratio: 1.25
- Loan to Value Ratio: pending appraisal of the DC USA project

The District will exercise substantial control over the use and disbursements of Section 108 Loan Guarantee proceeds. The Office of the Deputy Mayor for Planning & Economic Development, in conjunction with the Department of Housing and Community Development, will supervise and administer the use and disbursement of Section 108 Loan Guarantee proceeds. The Office of the Deputy Mayor for Planning & Economic Development will also supervise the creation of the TIF district and the use of TIF district collections to make the Section 108 debt service payments, pending Council action. The TIF collections will be handled through a paying agent “lock box.” The Office of the Deputy Mayor for Planning & Economic Development will coordinate the financial administration of the TIF district arrangements with the Department of Housing and Community Development and the Office of the Chief Financial Officer of the District of Columbia.

7. **CONTACTS**

This application is submitted on behalf of the District of Columbia government, through the Department of Housing and Community Development, Stanley Jackson, Director, and the Office of the Deputy Mayor for Planning and Economic Development, Eric W. Price, Deputy Mayor.

All inquiries will be routed to appropriate staff at DHCD and DMPED. For the purposes of this application, inquiries and comments should be directed to:

Michael Jasso, Special Assistant and/or
Alex Nyhan, Special Assistant
Office of the Deputy Mayor for Planning and Economic Development
Government of the District of Columbia
1350 Pennsylvania Avenue, Suite 317
Washington, DC 20004
Telephone: 202.724.7014
Fax: 202.727.6703
Email: michael.jasso@dc.gov
Email: alex.nyhan@dc.gov

8. **CERTIFICATIONS**

The District of Columbia hereby assures that it has and will comply with all certifications required in 24 CFR 570.705(b)(3), (4), (5), (6), (7), and (8). Copies of the same are attached in Exhibit H.

Attachments: Exhibits

Exhibit A

<i>Sources of Funds*</i>	Target <u>Unit</u>	Retail <u>Unit</u>	Parking <u>Unit</u>	<u>Total</u>
<i>Construction Financing/Sources</i>				
Equity	\$0	\$15,493,899	\$0	\$15,493,899
DC Land Subsidy	\$0	\$1,927,375	\$3,072,625	\$5,000,000
Sec. 108 Financing	\$1,256,850	\$0	\$42,235,129	\$43,491,979
Debt	<u>\$31,660,125</u>	<u>\$50,088,914</u>	\$0	\$81,749,039
Total	\$32,916,975	\$67,510,188	\$45,307,754	\$145,734,917
<i>Permanent Financing/Sources</i>				
<u>Equity</u>				
Developer Equity				\$15,493,899
Target Equity Contribution				<u>\$28,660,125</u>
Total				\$44,154,024
<u>DC Land Subsidy</u>				
				\$5,000,000
<u>Debt</u>				
Sec. 108 Financing				\$43,491,979
Conventional Financing				<u>\$53,088,914</u>
Sub-total				\$96,580,893
Total Development Cost: Complex & Parking Facility				
				\$145,734,917
*These are developer projections adjusted by the District to reflect expected deal economics.				

Project Cost Analysis*	Target Unit	Retail Unit	Parking Unit	Total
Land Costs				
Site Acquisition	\$0	\$2,312,850	\$3,687,150	\$6,000,000
Utility Relocation	<u>0</u>	<u>289,106</u>	<u>460,894</u>	<u>750,000</u>
Sub-total	0	2,601,956	4,148,044	6,750,000
Construction Costs				
Core & Shell	19,800,000	33,640,450	31,200,000	84,640,450
Fit-Out	0	13,500,000	0	13,500,000
F F & E	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sub-total	19,800,000	47,140,450	31,200,000	98,140,450
Soft Costs				
Architect and Engineer	857,934	1,177,416	936,000	2,971,350
Construction Management	297,000	504,607	468,000	1,269,607
Project Management/Staffing	400,000	308,380	491,620	1,200,000
Community Relations	63,607	129,671	206,722	400,000
Developer Representative	0	115,642	184,358	300,000
Legal & Accounting	150,000	231,285	368,715	750,000
Land Disposition Reviews/Approvals	100,000	115,642	184,358	400,000
NCRC Closing Costs	23,853	48,627	77,521	150,000
Environmental Testing/Remediation ¹	0	0	0	0
Surveys & Borings	19,877	40,522	64,601	125,000
Building Dept. Filing	15,902	32,418	51,681	100,000
Permits & Fees	63,607	129,671	206,722	400,000
Testing & Inspection	63,607	129,671	206,722	400,000
R.E. Taxes	63,431	129,312	15,000	207,743
Transfer / Recording Taxes	0	69,385	110,615	180,000
Builder's Risk Insurance	39,600	67,281	62,400	169,281
Marketing/Advertising	0	200,000	0	200,000
Condo. Transfer Fee	429,902	0	0	429,902
Leasing Commissions	<u>600,000</u>	<u>4,052,638</u>	<u>0</u>	<u>4,652,638</u>
Sub-total	3,188,318	7,482,169	3,635,033	14,305,520
Financing Costs				
Interest	1,052,416	2,284,357	919,703	4,256,476
Financing Fees	762,979	1,188,984	833,091	2,785,054
Title Search & Insurance	21,396	43,882	29,450	94,728
Appraisal	<u>8,470</u>	<u>17,371</u>	<u>11,658</u>	<u>37,500</u>
Sub-total	1,845,262	3,534,594	1,793,902	7,173,758
Developer's Overhead	3,291,698	0	0	3,291,698
Developer's Profit	3,291,698	0	0	3,291,698
Developer's Fee	0	3,375,509	2,265,388	5,640,897
Project Contingency	<u>1,500,000</u>	<u>3,375,509</u>	<u>2,265,388</u>	<u>7,140,897</u>
Total Costs	\$32,916,975	\$67,510,188	\$45,307,754	\$145,734,917
Total Costs / GSF	\$179.38	\$190.65	\$87.13	\$137.80
Less 108 Allocation	\$1,256,850			
Net Costs to Target	\$31,660,125			
Net Costs to Target/GSF	\$156.19			
Less "Target" Financing Costs²	\$1,760,125			
Cost Before Financing Costs	\$29,900,000			

¹ By the District

² Consists of \$967,279 in interest (@4.5%) and \$792,845 in financing costs.

**These are developer projections adjusted by the District to reflect expected deal economics.*

DC-USA: Jobs Analysis

Permanent Jobs*

Category	Jobs	Hourly wage	Annual wage
Parking	16	\$ 10	\$ 20,800
Retail - Management	84	\$ 20	\$ 41,600
Retail - Service Clerk	1437	\$ 10	\$ 20,800
Health Club - Management	8	\$ 20	\$ 41,600
Health Club - Service Clerk	70	\$ 10	\$ 20,800
Building Management	5	\$ 20	\$ 41,600
Cleaning	10	\$ 9	\$ 18,720
Security	20	\$ 9	\$ 18,720
Total permanent jobs	<u>1650</u>		

Temporary Construction Jobs

Category	Jobs	Hourly wage	Annual wage
Number of construction jobs	700	\$20.88	\$43,420

*Per Developer projections as of 11/03/2003

Summary

HUD Section 108 Loan Guarantee
DC USA
FRONT LOADED DRAW SCHEDULE

Financing Terms		Notes:
Interest Rate	Variable	Each principal payment will be a separate note, with separate interest rate and maturity.
Loan Term	20 Years	This is the maximum term of the Section 108 program.
Principal Repayment	Fixed	Principal repayment schedule is negotiable. Fixed payments are one option.
Interim Interest Rate	1.37%	Based upon 90 day LIBOR plus 20 bp, as of 10/17/03
Term of Interim Financing	36 months	Usual maximum term of interim financing
Term of Permanent Financing	17 years	Scheduled as a series of 17 notes, each with a different maturity and interest rate.
Debt Service Reserve Fund Interest Rate	1.02%	Requires high liquidity. Principal invested in 180-day Treasury Bills. Rate as of 10/17/03.
Uses of Funds		
Project Fund	43,500,000	Using Developer's Most Recent Figures
Façade and Retail Upgrade Fund	6,000,000	
Capitalized Interest	1,410,033	Assumes 36 Month Interim Financing during which TIF Revenues are unavailable
Debt Service Reserve Fund	4,320,319	75% of Maximum Annual Payment
Costs of Origination	565,500	Financing Fee @ 90 bp plus Project Due Diligence Costs @ 40 bp
Misc.	204,149	Used to make round number
Total Loan Proceeds	56,000,000	
Total Debt Service	\$ (83,065,232)	Total Payments made on Section 108 Loan
Net Debt Service	\$ (76,585,738)	Undiscounted net total payments on Section 108 Loan
IRR	3.575%	Based upon discounted cash flow

Draw Down Needs for Interim Financing

HUD Section 108 Loan Guarantee
DC USA
FRONT LOADED DRAW SCHEDULE

Draw Down Strategy

Project Funds	As needed for construction--assumes front loaded use of 108 project funds
Capitalized Interest	As needed for quarterly interest payments
Costs of Origination	100% in Month 1
Debt Service Reserve Fund	100% in Month 36
Façade and Retail Upgrade	100% in Month 36
Misc. Costs	100% in Month 36

Construction Schedule

Front Loaded

		<u>\$ Construction</u>	<u>\$ Capitalized</u>	<u>\$ Costs of</u>	<u>\$ Debt</u>	<u>Façade and</u>	<u>Total Draw</u>	<u>Cumulative</u>
	<u>%</u>	<u>(Project Fund)</u>	<u>Interest</u>	<u>Origination</u>	<u>Service</u>	<u>Retail Upgrade</u>	<u>Down</u>	<u>Draw Down</u>
					<u>Reserve</u>	<u>Fund & Misc.</u>		
					<u>Fund</u>			
Year 1								
Months 1-3	15.00%	6,525,000	24,368	565,500			7,114,868	7,114,868
Months 4-6	15.00%	6,525,000	46,877				6,571,877	13,686,746
Months 7-9	15.00%	6,525,000	69,463				6,594,463	20,281,209
Months 10-12	15.00%	6,525,000	92,127				6,617,127	26,898,335
Year 1 Total	60.00%	26,100,000	232,835	565,500	-		26,898,335	
Year 2							-	
Months 13-15	10.00%	4,350,000	107,393				4,457,393	31,355,729
Months 16-18	10.00%	4,350,000	122,712				4,472,712	35,828,441
Months 19-21	10.00%	4,350,000	138,084				4,488,084	40,316,525
Months 22-24	10.00%	4,350,000	153,509				4,503,509	44,820,034
Year 2 Total	40.00%	17,400,000	521,698	-	-		17,921,698	
Year 3							-	
Months 25-27	0.00%	-	154,036				154,036	44,974,070
Months 28-30	0.00%	-	154,566				154,566	45,128,636
Months 31-33	0.00%	-	155,097				155,097	45,283,733
Months 34-36	0.00%	-	191,800		4,320,319	6,204,149	10,716,268	56,000,000
Year 3 Total	0.00%	-	655,499	-	4,320,319	6,204,149	11,179,966	
Total Interim Draws		43,500,000	1,410,033	565,500	4,320,319	6,204,149	56,000,000	
Total for Public Offering							56,000,000	

Debt Service Payments

HUD Section 108 Loan Guarantee
DC USA

FRONT LOADED DRAW SCHEDULE

Interest Rate Variable
Term of Loan 20 Years
Principal Repayments Fixed

INTERIM FINANCING

Year	Pmt. #	Est. Quarterly Interim Interest Rate ¹	Pmt. Date ²	Outstanding Principal Balance	Quarterly Interest Payment	Total Debt Service Pmt.
1	1	0.3425%	1-Nov-03	7,114,868	(24,368)	(24,368)
1	2	0.3425%	1-Feb-04	13,686,746	(46,877)	(46,877)
1	3	0.3425%	1-May-04	20,281,209	(69,463)	(69,463)
1	4	0.3425%	1-Aug-04	26,898,335	(92,127)	(92,127)
2	5	0.3425%	1-Nov-04	31,355,729	(107,393)	(107,393)
2	6	0.3425%	1-Feb-05	35,828,441	(122,712)	(122,712)
2	7	0.3425%	1-May-05	40,316,525	(138,084)	(138,084)
2	8	0.3425%	1-Aug-05	44,820,034	(153,509)	(153,509)
3	9	0.3425%	1-Nov-05	44,974,070	(154,036)	(154,036)
3	10	0.3425%	1-Feb-06	45,128,636	(154,566)	(154,566)
3	11	0.3425%	1-May-06	45,283,733	(155,097)	(155,097)
3	12	0.3425%	1-Aug-06	56,000,000	(191,800)	(191,800)
Subtotal--Interim Interest Paid					(1,410,033)	(1,410,033)

PUBLIC OFFERING--PERMANENT FINANCING

Year	Pmt. #	Semi-Annual Interest Rate ³	Pmt. Date ⁴	Outstanding Principal Balance	Total Interest Payment	Principal Payment-- Rounded	Total Debt Service Pmt.
4	1	0.66%	1-Feb-07	56,000,000	(1,233,154)		(1,233,154)
4	2	0.66%	1-Aug-07	56,000,000	(1,233,154)	(3,295,000)	(4,527,271)
5	3	1.06%	1-Feb-08	52,705,000	(1,211,572)		(1,211,572)
5	4	1.06%	1-Aug-08	52,705,000	(1,211,572)	(3,295,000)	(4,505,689)
6	5	1.41%	1-Feb-09	49,410,000	(1,176,809)		(1,176,809)
6	6	1.41%	1-Aug-09	49,410,000	(1,176,809)	(3,295,000)	(4,470,927)
7	7	1.66%	1-Feb-10	46,115,000	(1,130,515)		(1,130,515)
7	8	1.66%	1-Aug-10	46,115,000	(1,130,515)	(3,295,000)	(4,424,632)
8	9	1.84%	1-Feb-11	42,820,000	(1,075,818)		(1,075,818)
8	10	1.84%	1-Aug-11	42,820,000	(1,075,818)	(3,295,000)	(4,369,935)
9	11	1.99%	1-Feb-12	39,525,000	(1,015,354)		(1,015,354)
9	12	1.99%	1-Aug-12	39,525,000	(1,015,354)	(3,295,000)	(4,309,472)
10	13	2.15%	1-Feb-13	36,230,000	(949,949)		(949,949)
10	14	2.15%	1-Aug-13	36,230,000	(949,949)	(3,295,000)	(4,244,066)
11	15	2.27%	1-Feb-14	32,935,000	(879,271)		(879,271)
11	16	2.27%	1-Aug-14	32,935,000	(879,271)	(3,295,000)	(4,173,388)
12	17	2.36%	1-Feb-15	29,640,000	(804,639)		(804,639)
12	18	2.36%	1-Aug-15	29,640,000	(804,639)	(3,295,000)	(4,098,757)
13	19	2.47%	1-Feb-16	26,345,000	(726,877)		(726,877)
13	20	2.47%	1-Aug-16	26,345,000	(726,877)	(3,295,000)	(4,020,995)
14	21	2.68%	1-Feb-17	23,050,000	(645,655)		(645,655)
14	22	2.68%	1-Aug-17	23,050,000	(645,655)	(3,295,000)	(3,939,773)
15	23	2.69%	1-Feb-18	19,755,000	(557,349)		(557,349)
15	24	2.69%	1-Aug-18	19,755,000	(557,349)	(3,295,000)	(3,851,467)
16	25	2.76%	1-Feb-19	16,460,000	(468,714)		(468,714)
16	26	2.76%	1-Aug-19	16,460,000	(468,714)	(3,295,000)	(3,762,831)
17	27	2.80%	1-Feb-20	13,165,000	(377,937)		(377,937)
17	28	2.80%	1-Aug-20	13,165,000	(377,937)	(3,295,000)	(3,672,054)
18	29	2.85%	1-Feb-21	9,870,000	(285,677)		(285,677)
18	30	2.85%	1-Aug-21	9,870,000	(285,677)	(3,295,000)	(3,579,794)
19	31	2.89%	1-Feb-22	6,575,000	(191,769)		(191,769)
19	32	2.89%	1-Aug-22	6,575,000	(191,769)	(3,295,000)	(3,485,887)
20	33	2.93%	1-Feb-23	3,280,000	(96,544)		(96,544)
20	34	2.93%	1-Aug-23	3,280,000	(96,544)	(3,280,000)	(3,390,661)
Subtotal--Permanent Financing Payments					\$ (25,655,200)	(\$6,000,000)	\$ (81,655,200)
TOTAL					\$ (27,065,232)	(\$6,000,000)	\$ (83,065,232)

Notes:

- As of 10/20/03 the 90 day LIBOR rate was 1.17%. The annual rate for interim financing is 90-day LIBOR plus 20 basis points.
- During the interim financing period, interest payments are due quarterly.
- The interest rate on each note is calculated as a spread (based upon the HUD August 2002 Public Offering) above the Treasury security of corresponding term.
- Following the public offering, interest payments only are due Feb.1 and interest and principal payments are due Aug. 1.

Debt Service Reserve Fund

HUD Section 108 Loan Guarantee
DC USA
FRONT LOADED DRAW SCHEDULE

Year	Pmt. Date	Annual Yield- Interest Rate ¹	Opening Principal	Interest Income	Debt Service	Closing Principal
4	1-Feb-07	1.02%	4,320,319	22,034	(22,034)	4,320,319
4	1-Aug-07	1.02%	4,320,319	22,034	(22,034)	4,320,319
5	1-Feb-08	1.02%	4,320,319	22,034	(22,034)	4,320,319
5	1-Aug-08	1.02%	4,320,319	22,034	(22,034)	4,320,319
6	1-Feb-09	1.02%	4,320,319	22,034	(22,034)	4,320,319
6	1-Aug-09	1.02%	4,320,319	22,034	(22,034)	4,320,319
7	1-Feb-10	1.02%	4,320,319	22,034	(22,034)	4,320,319
7	1-Aug-10	1.02%	4,320,319	22,034	(22,034)	4,320,319
8	1-Feb-11	1.02%	4,320,319	22,034	(22,034)	4,320,319
8	1-Aug-11	1.02%	4,320,319	22,034	(22,034)	4,320,319
9	1-Feb-12	1.02%	4,320,319	22,034	(22,034)	4,320,319
9	1-Aug-12	1.02%	4,320,319	22,034	(22,034)	4,320,319
10	1-Feb-13	1.02%	4,320,319	22,034	(22,034)	4,320,319
10	1-Aug-13	1.02%	4,320,319	22,034	(22,034)	4,320,319
11	1-Feb-14	1.02%	4,320,319	22,034	(22,034)	4,320,319
11	1-Aug-14	1.02%	4,320,319	22,034	(22,034)	4,320,319
12	1-Feb-15	1.02%	4,320,319	22,034	(22,034)	4,320,319
12	1-Aug-15	1.02%	4,320,319	22,034	(22,034)	4,320,319
13	1-Feb-16	1.02%	4,320,319	22,034	(22,034)	4,320,319
13	1-Aug-16	1.02%	4,320,319	22,034	(22,034)	4,320,319
14	1-Feb-17	1.02%	4,320,319	22,034	(22,034)	4,320,319
14	1-Aug-17	1.02%	4,320,319	22,034	(22,034)	4,320,319
15	1-Feb-18	1.02%	4,320,319	22,034	(22,034)	4,320,319
15	1-Aug-18	1.02%	4,320,319	22,034	(22,034)	4,320,319
16	1-Feb-19	1.02%	4,320,319	22,034	(22,034)	4,320,319
16	1-Aug-19	1.02%	4,320,319	22,034	(22,034)	4,320,319
17	1-Feb-20	1.02%	4,320,319	22,034	(22,034)	4,320,319
17	1-Aug-20	1.02%	4,320,319	22,034	(22,034)	4,320,319
18	1-Feb-21	1.02%	4,320,319	22,034	(22,034)	4,320,319
18	1-Aug-21	1.02%	4,320,319	22,034	(22,034)	4,320,319
19	1-Feb-22	1.02%	4,320,319	22,034	(22,034)	4,320,319
19	1-Aug-22	1.02%	4,320,319	22,034	(22,034)	4,320,319
20	1-Feb-23	1.02%	4,320,319	22,034	(22,034)	4,320,319
20	1-Aug-23	1.02%	4,320,319	22,034	(4,342,353)	-

1. Interest Rate is based upon 180-day Treasury Bill, as of 3/26/03

Net Debt Service Payments

HUD Section 108 Loan Guarantee
DC USA
FRONT LOADED DRAW SCHEDULE

Interest Rate Variable
Term of Loan 20 Years
Principal Repayments Fixed

INTERIM FINANCING

Year	Pmt. #	Total Debt Service Pmt.	Capitalized Interest	Debt Service Reserve Fund	Net Debt Service Payments
1	1	(24,368)	24,368		-
1	2	(46,877)	46,877		-
1	3	(69,463)	69,463		-
1	4	(92,127)	92,127		-
2	5	(107,393)	107,393		-
2	6	(122,712)	122,712		-
2	7	(138,084)	138,084		-
2	8	(153,509)	153,509		-
3	9	(154,036)	154,036		-
3	10	(154,566)	154,566		-
3	11	(155,097)	155,097		-
3	12	(191,800)	191,800		-

INTERIM SUBTOTAL \$ (1,410,033) \$ 1,410,033

PUBLIC OFFERING PERMANENT FINANCING

Year	Pmt. #	Total Debt Service Pmt.	Capitalized Interest	Debt Service Reserve Fund	Net Debt Service Payments
4	1	(1,233,154)	-	22,034	(1,211,120)
4	2	(4,527,271)	-	22,034	(4,505,238)
5	3	(1,211,572)	-	22,034	(1,189,538)
5	4	(4,505,689)	-	22,034	(4,483,656)
6	5	(1,176,809)	-	22,034	(1,154,776)
6	6	(4,470,927)	-	22,034	(4,448,893)
7	7	(1,130,515)	-	22,034	(1,108,481)
7	8	(4,424,632)	-	22,034	(4,402,599)
8	9	(1,075,818)	-	22,034	(1,053,784)
8	10	(4,369,935)	-	22,034	(4,347,902)
9	11	(1,015,354)	-	22,034	(993,321)
9	12	(4,309,472)	-	22,034	(4,287,438)
10	13	(949,949)	-	22,034	(927,915)
10	14	(4,244,066)	-	22,034	(4,222,033)
11	15	(879,271)	-	22,034	(857,237)
11	16	(4,173,388)	-	22,034	(4,151,355)
12	17	(804,639)	-	22,034	(782,605)
12	18	(4,098,757)	-	22,034	(4,076,723)
13	19	(726,877)	-	22,034	(704,843)
13	20	(4,020,995)	-	22,034	(3,998,961)
14	21	(645,655)	-	22,034	(623,622)
14	22	(3,939,773)	-	22,034	(3,917,739)
15	23	(557,349)	-	22,034	(535,316)
15	24	(3,851,467)	-	22,034	(3,829,433)
16	25	(468,714)	-	22,034	(446,680)
16	26	(3,762,831)	-	22,034	(3,740,798)
17	27	(377,937)	-	22,034	(355,903)
17	28	(3,672,054)	-	22,034	(3,650,021)
18	29	(285,677)	-	22,034	(263,643)
18	30	(3,579,794)	-	22,034	(3,557,761)
19	31	(191,769)	-	22,034	(169,735)
19	32	(3,485,887)	-	22,034	(3,463,853)
20	33	(96,544)	-	22,034	(74,510)
20	34	(3,390,661)	-	4,342,353	951,691

PERMANENT SUBTOTAL (81,655,200) (76,585,738)

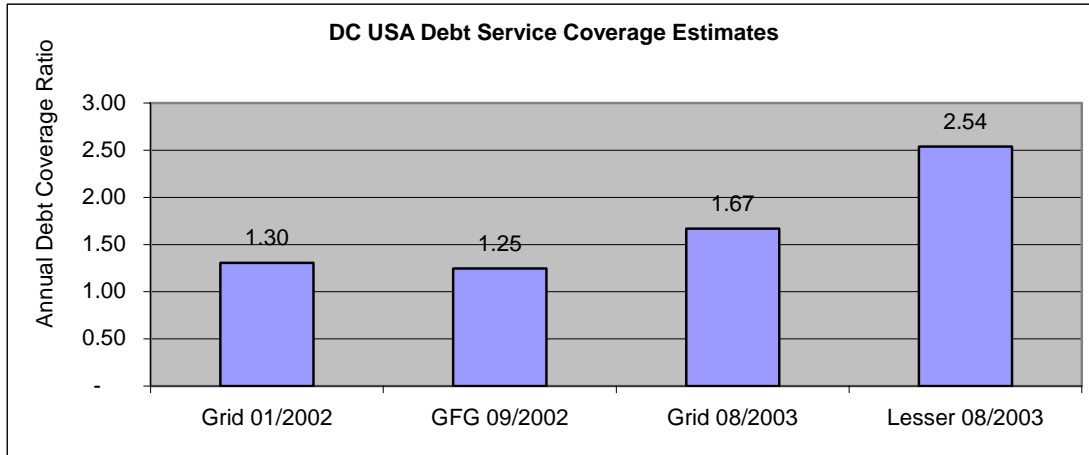
TOTAL \$ (83,065,232) \$ (76,585,738)

Net Interest Rate

	Total Draw	Payments	Net Cash Flow			
Year 1	26,898,335	(232,835)	26,665,500	3.575%	13,686,746	
Year 2	17,921,698	(521,698)	17,400,000		13,211,590	26898335
Year 3	11,179,966	(655,499)	10,524,468		8,930,106	
Year 4	0	(5,716,358)	(5,716,358)		8,991,593	
Year 5	0	(5,673,193)	(5,673,193)		308,602	
Year 6	0	(5,603,669)	(5,603,669)		10,871,365	56000000
Year 7	0	(5,511,079)	(5,511,079)		(1,211,120)	
Year 8	0	(5,401,685)	(5,401,685)		(4,505,238)	
Year 9	0	(5,280,759)	(5,280,759)		(1,189,538)	
Year 10	0	(5,149,947)	(5,149,947)		(4,483,656)	
Year 11	0	(5,008,592)	(5,008,592)		(1,154,776)	
Year 12	0	(4,859,328)	(4,859,328)		(4,448,893)	
Year 13	0	(4,703,804)	(4,703,804)		(1,108,481)	
Year 14	0	(4,541,361)	(4,541,361)		(4,402,599)	
Year 15	0	(4,364,749)	(4,364,749)		(1,053,784)	
Year 16	0	(4,187,478)	(4,187,478)		(4,347,902)	
Year 17	0	(4,005,923)	(4,005,923)		(993,321)	
Year 18	0	(3,821,403)	(3,821,403)		(4,287,438)	
Year 19	0	(3,633,588)	(3,633,588)		(927,915)	
Year 20	0	877,181	877,181		(4,222,033)	
					(857,237)	
					(4,151,355)	
IRR	3.971%				(782,605)	
					(4,076,723)	
					(704,843)	
					(3,998,961)	
					(623,622)	
					(3,917,739)	
					(535,316)	
					(3,829,433)	
					(446,680)	
					(3,740,798)	
					(355,903)	
					(3,650,021)	
					(263,643)	
					(3,557,761)	
					(169,735)	
					(3,463,853)	
					(74,510)	
					951,691	

10/17/2003							
Comparable Treasury Yields	Basis Point Spread	Estimate Annual Rate	Year	Pmt #	Pmt Date	Est. Semi-Annual Interest Rate	
1.31	0.00	1.31	1	1	1-Feb-06	0.66	0.00655
1.31	0.00	1.31	1	2	1-Aug-06	0.66	0.00655
1.90	0.21	2.11	2	3	1-Feb-07	1.06	0.01055
1.90	0.21	2.11	2	4	1-Aug-07	1.06	0.01055
2.41	0.40	2.81	3	5	1-Feb-08	1.41	0.01405
2.41	0.40	2.81	3	6	1-Aug-08	1.41	0.01405
2.90	0.42	3.32	4	7	1-Feb-09	1.66	0.0166
2.90	0.42	3.32	4	8	1-Aug-09	1.66	0.0166
3.33	0.34	3.67	5	9	1-Feb-10	1.84	0.01835
3.33	0.34	3.67	5	10	1-Aug-10	1.84	0.01835
3.60	0.37	3.97	6	11	1-Feb-11	1.99	0.01985
3.60	0.37	3.97	6	12	1-Aug-11	1.99	0.01985
3.90	0.39	4.29	7	13	1-Feb-12	2.15	0.02145
3.90	0.39	4.29	7	14	1-Aug-12	2.15	0.02145
4.05	0.48	4.53	8	15	1-Feb-13	2.27	0.02265
4.05	0.48	4.53	8	16	1-Aug-13	2.27	0.02265
4.20	0.52	4.72	9	17	1-Feb-14	2.36	0.0236
4.20	0.52	4.72	9	18	1-Aug-14	2.36	0.0236
4.41	0.52	4.93	10	19	1-Feb-15	2.47	0.02465
4.41	0.52	4.93	10	20	1-Aug-15	2.47	0.02465
4.50	0.86	5.36	11	21	1-Feb-16	2.68	0.0268
4.50	0.86	5.36	11	22	1-Aug-16	2.68	0.0268
4.58	0.80	5.38	12	23	1-Feb-17	2.69	0.0269
4.58	0.80	5.38	12	24	1-Aug-17	2.69	0.0269
4.67	0.84	5.51	13	25	1-Feb-18	2.76	0.02755
4.67	0.84	5.51	13	26	1-Aug-18	2.76	0.02755
4.75	0.85	5.60	14	27	1-Feb-19	2.80	0.028
4.75	0.85	5.60	14	28	1-Aug-19	2.80	0.028
4.84	0.86	5.70	15	29	1-Feb-20	2.85	0.0285
4.84	0.86	5.70	15	30	1-Aug-20	2.85	0.0285
4.93	0.85	5.78	16	31	1-Feb-21	2.89	0.0289
4.93	0.85	5.78	16	32	1-Aug-21	2.89	0.0289
5.03	0.83	5.86	17	33	1-Feb-22	2.93	0.0293
5.03	0.83	5.86	17	34	1-Aug-22	2.93	0.0293
5.12	0.81	5.93	18	35	1-Feb-23	2.97	0.02965
5.12	0.81	5.93			1-Aug-23	2.97	0.02965
5.21	0.77	5.98			1-Feb-24	2.99	0.0299
5.21	0.77	5.98			1-Aug-24	2.99	0.0299
5.32	0.71	6.03			1-Feb-25		
5.32	0.71	6.03			1-Aug-25		

August 2002 Public Offering Section 108 Loans	Loan Term	Maturity Date for Serial Bond	August 1, 2002 Treasury Yield Curve Rate	Spread	Anticipated Public Offering Int. Schedule	MBW Spread Calc.	<u>SPREAD</u>	Using Yonkers Spread
1.75	1	Aug-03	1.75	0.00	1.75	0.00	-	0
2.36	2	Aug-04	2.15	0.21	2.36	0.00	0.48%	0
2.99	3	Aug-05	2.59	0.40	2.99	0.21	0.55%	0.24
3.45	4	Aug-06	3.03	0.42	3.45	0.21	0.61%	0.24
3.80	5	Aug-07	3.46	0.34	3.80	0.40	0.79%	0.275
4.12	6	Aug-08	3.75	0.37	4.12	0.40	0.78%	0.275
4.43	7	Aug-09	4.04	0.39	4.43	0.42	0.77%	0.305
4.67	8	Aug-10	4.19	0.48	4.67	0.42	0.86%	0.305
4.85	9	Aug-11	4.33	0.52	4.85	0.34	1.07%	0.40
4.99	10	Aug-12	4.47	0.52	4.99	0.34	1.05%	0.40
5.39	11	Aug-13	4.53	0.86	5.39	0.37	1.30%	0.39
5.43	12	Aug-14	4.63	0.80	5.43	0.37	1.35%	0.39
5.56	13	Aug-15	4.72	0.84	5.56	0.39	1.50%	0.39
5.67	14	Aug-16	4.82	0.85	5.67	0.39	1.57%	0.39
5.77	15	Aug-17	4.91	0.86	5.77	0.48	1.61%	0.43
5.85	16	Aug-18	5.00	0.85	5.85	0.48	1.66%	0.43
5.93	17	Aug-19	5.10	0.83	5.93	0.52	1.71%	0.54
6.00	18	Aug-20	5.19	0.81	6.00	0.52	1.76%	0.54
6.07	19	Aug-21	5.30	0.77	6.07	0.52	1.78%	0.53
6.12	20	Aug-22	5.41	0.71	6.12	0.52	1.81%	0.53
						0.86		0.65
						0.86		0.65
						0.80		0.68
						0.80		0.68
						0.84		0.75
						0.84		0.75
						0.85		0.79
						0.85		0.79
						0.86		0.81
						0.86		0.81
						0.85		0.83
						0.85		0.83
						0.83		0.86
						0.83		0.86
						0.81		0.88
						0.81		0.88
						0.77		0.89
						0.77		0.89
						0.71		0.91
						0.71		0.91



	Grid 01/2002 ¹	GFG 09/2002 ²	Grid 08/2003 ³	Lesser 08/2003 ⁴
Total Usable TIF	\$ 6,861,512	\$ 6,560,955	\$ 8,772,883	\$ 13,361,493
108 D/S	\$5,262,437	\$5,262,437	\$5,262,437	\$5,262,437
Debt Service Coverage	1.30	1.25	1.67	2.54

Notes

1. Based on Grid (the Developer) sales projections and internal analysis. Assumes 6% vacancy on all non-Target space (e.g. Whole Foods Market, Applebee's, Office Depot).

2. Projected by Government Finance Group, based on Grid's initial sales assumptions.

3. Based on updated Grid sales projections and internal analysis. Assumes 6% vacancy on all non-Target space (e.g. Whole Foods Market, Applebee's, Office Depot).

4. Based on an independent consultant's retail market demand study of expected sales. The consultant is Robert Charles Lesser & Co (RCLCo). Internal analysis used RCLCo's sales projections and assumed a 6% vacancy rate on non-Target space.

All analysis assumes only 25% of real property taxes are available, and only 90% of restaurant taxes are available.

	Grid 1/4/2002	GFG 9/3/2002	Grid 08/03	Lesser 08/03	NOTES
Real estate					
Taxable assessment	101,817,840	\$ 83,742,355	\$ 83,742,355	\$ 83,742,355	8/03 taxable assessments based on 1/4/02 application
R.E. Tax rate	1.85%	1.85%	1.85%	1.85%	
R.E. Taxes	1,883,630	\$ 1,549,234	\$ 1,549,234	\$ 1,549,234	
Usable	\$ 470,908	\$ 387,308	\$ 387,308	\$ 387,308	25% of property taxes usable
Retail Sales					
Retail - non restaurant					
SF	349,500	416,832	473,080	473,080	
Ave sales / sf	\$ 250	\$ 225	\$ 290	\$ 459	
Total Sales	\$ 87,375,000	\$ 86,287,000	\$ 136,978,525	\$ 217,054,550	GFG - 50,000 square feet of existing retail are assumed
Vacancy on Non-Target space	6%	na	6%	6%	
Adjusted sales	\$ 84,532,500	na	\$ 131,539,457	\$ 208,435,868	after taking vacancy on shop space
Sales Tax Rate	5.75%	5.75%	5.75%	5.75%	
Adjusted Sales Taxes	\$ 4,860,619	\$ 4,961,514	\$ 7,563,519	\$ 11,985,062	
Usable	\$ 4,860,619	\$ 4,961,514	\$ 7,563,519	\$ 11,985,062	100% of retail sales taxes usable
Restaurant Sales					
SF	50,000	50,000	15,590	15,590	
Ave sales / sf	\$ 200	\$ 225	\$ 498	\$ 625	
Total Sales	\$ 10,000,000	\$ 11,250,000	\$ 7,769,220	\$ 9,744,000	
Vacancy on Non-Target space	6%	na	6%	6%	
Adjusted sales	\$ 9,400,000	na	\$ 7,303,067	\$ 9,159,360	after taking vacancy on shop space
Sales Tax Rate	10%	10%	10%	10%	
Adjusted Sales Taxes	\$ 940,000	\$ 1,125,000	\$ 730,307	\$ 915,936	
Usable	\$ 846,000	\$ 1,012,500	\$ 657,276	\$ 824,342	90% of restaurant sales taxes usable
Theater Tickets					
Total Sales (@ \$6.50/patron)	\$ 4,875,000				
Sales Taxes	5.75%				
Sales Taxes	\$ 280,313				
Usable	\$ 280,313				
Theater Concessions					
Total Sales (@ \$2.50/patron)	\$ 1,875,000				
Sales Tax Rate	5.75%				
Sales Taxes	\$ 107,813				
Usable	\$ 107,813				
Bowling					
Total Sales (@ \$40/sf)	\$ 1,600,000				
Sales Tax Rate	5.75%				
Sales Taxes	\$ 92,000				
Usable	\$ 92,000				
Parking					
Total Sales	\$ 1,698,840	\$ 1,663,605	\$ 1,373,166	\$ 1,373,166	8/03 parking total sales based on latest estimate
Sales Tax Rate	12%	12%	12%	12%	
Sales Taxes	\$ 203,861	\$ 199,633	\$ 164,780	\$ 164,780	
Usable	\$ 203,861	\$ 199,633	\$ 164,780	\$ 164,780	100% of parking taxes usable
Total SF		466,832	488,670	488,670	
Total Usable TIF	\$ 6,861,512	\$ 6,560,955	\$ 8,772,883	\$ 13,361,493	
108 D/S	\$5,262,437	\$ 5,262,437	\$ 5,262,437	\$ 5,262,437	
Debt Service Coverage	1.30	1.25	1.67	2.54	
Target sf	160000				

Exhibit E
DC-USA
Description of the Development Team

Project Structure

Title to the property will be taken at closing by DC USA Operating Co., LLC ("DC USA"), the single purpose entity formed to develop the project. DC USA will be controlled by a team consisting of an affiliate of Grid Properties Inc. ("Grid"), an affiliate of Gotham Organization ("Gotham"), Joseph Searles, III ("Searles") and the Development Corporation of Columbia Heights ("DCCH"). DCCH would own the land. The land would be leased to DC USA Operating Co., LLC. Grid and Gotham will be the members of a limited liability company formed to hold a 75% interest in DC USA. Searles will be the sole member of another limited liability company formed to hold the remaining 25% interest in DC USA. The percentage interests of the development team in DC USA may be modified in accordance with DC USA's land disposition agreement to acquire the property. The team will be assisted in its development of the project by DCCH, who will be retained to administer the project's community outreach, affirmative action and local, small or disadvantaged business enterprise plans.

Development Team Experience

Grid Properties and Gotham Organization have developed and operated a diverse set of building types for a combined 90-plus years. The principals of Grid responsible for this project include Drew Greenwald, Chief Executive Officer; Steven Sterneck, Chief Investment Officer; and, James Tuman, Chief Development Officer.

Drew Greenwald, co-founder of Grid Properties, is a Registered Architect and licensed real estate professional, with over 25 years in project design, construction and development. Mr. Greenwald is considered an expert on urban retail and entertainment, affordable housing, health care and not-for-profit development. He has appeared as a panelist and moderator at myriad seminars, including ones sponsored by Urban Land Institute, American Institute of Architects and others. Mr. Greenwald received an undergraduate degree from the University of Pennsylvania and a Masters of Architecture from Columbia University.

Steven Sterneck has been with Grid since 1988, acting as Chief Investment Officer since 1994. Mr. Sterneck oversees all financial analyses, due diligence efforts, acquisition negotiations, tenant leasing and project financing. He has been involved in a broad range of projects and transactions such as the development of a \$40 million, 230,000 square-foot mixed-use building in Brooklyn, and Cooper Union's ground lease of the Chrysler Building. Mr. Sterneck holds an undergraduate degree from Northwestern University and a Masters in Management from Northwestern's Kellogg School of Management.

Jim Tuman joined Grid in 1989 and has acted as Chief Development Office since 1995. Mr. Tuman manages all pre-construction and construction activities. Mr. Tuman is a licensed real estate professional. Mr. Tuman studied engineering at Princeton University and holds a Masters of Business Administration from Cornell University.

Exhibit E
DC-USA
Description of the Development Team

The Gotham Organization, Inc. has built commercial, residential and hotel properties in the New York metropolitan area for over seventy years. Gotham's diverse portfolio includes medical, educational, nursing home and assisted living facilities. For the last 25 years, Gotham has been consistently ranked in the Engineering News Records' 400 Largest Contractors. Gotham has been responsible for over 20,000 units of housing. Recent residential projects include several 80/20 housing developments. Gotham has significant retail experience. Recent examples include Harlem USA, Paul Stuart's Manhattan flagship and a \$40 million mixed use project containing Barnes & Noble's first superstore in Brooklyn.

Joel Picket is Chairman of the Board of Gotham companies. Mr. Picket took the reins of Gotham in 1965 and guided the organization from a general contractor to a full service real estate firm. Mr. Picket graduated from Cornell University and serves as a member of the Board of Governors of the Real Estate Board of New York.

David Picket is President of Gotham Organization. He oversees the firm's development and investment activities. Mr. Picket joined Gotham in 1991. He is a member of the New York State Bar, and holds an undergraduate degree from Cornell University and a graduate degree from Columbia University School of Law.

Joseph Searles' career spans the private, public and nonprofit sectors. Mr. Searles served two terms as Chairman and Director of the State of New York Mortgage Agency and served as Chairman of the 125th Street Business Improvement District. He is a key member of the Harlem USA development team. Mr. Searles would be involved in all aspects of development. Mr. Searles graduated from Kansas State University and attended George Washington University Law School.

DCCH was created in 1984 and seeks to spark community and economic development in Columbia Heights. DCCH has developed over 120 units of affordable housing and engages in neighborhood development through its Housing and Commercial Development, Business Development and Community Building divisions. DCCH is responsible for administering, coordinating and implementing the Affirmative Action Plan and the Community Participation Plan for the project under the land disposition agreement. Their focus is to inform neighborhood and District residents of the new construction and permanent job opportunities created from DC USA.

Contact Info

Drew Greenwald
Grid Properties
212-678-4400
gridproperties@aol.com

Exhibit F: Debt Service Payments

HUD Section 108 Loan Guarantee
DC USA
FRONT LOADED DRAW SCHEDULE

Interest Rate Variable
Term of Loan 20 Years
Principal Repayments Fixed

INTERIM FINANCING

Year	Pmt. #	Est. Quarterly Interim Interest Rate ¹	Pmt. Date ²	Outstanding Principal Balance	Quarterly Interest Payment	Total Debt Service Pmt.
	1	0.3425%	1-Nov-03	7,114,868	(24,368)	(24,368)
1	2	0.3425%	1-Feb-04	13,686,746	(46,877)	(46,877)
1	3	0.3425%	1-May-04	20,281,209	(69,463)	(69,463)
1	4	0.3425%	1-Aug-04	26,898,335	(92,127)	(92,127)
2	5	0.3425%	1-Nov-04	31,355,729	(107,393)	(107,393)
2	6	0.3425%	1-Feb-05	35,828,441	(122,712)	(122,712)
2	7	0.3425%	1-May-05	40,316,525	(138,084)	(138,084)
2	8	0.3425%	1-Aug-05	44,820,034	(153,509)	(153,509)
3	9	0.3425%	1-Nov-05	44,974,070	(154,036)	(154,036)
3	10	0.3425%	1-Feb-06	45,128,636	(154,566)	(154,566)
3	11	0.3425%	1-May-06	45,283,733	(155,097)	(155,097)
3	12	0.3425%	1-Aug-06	56,000,000	(191,800)	(191,800)
Subtotal--Interim Interest Paid					(1,410,033)	(1,410,033)

PUBLIC OFFERING--PERMANENT FINANCING

Year	Pmt. #	Semi-Annual Interest Rate ³	Pmt. Date ⁴	Outstanding Principal Balance	Total Interest Payment	Principal Payment-- Rounded	Total Debt Service Pmt.
4	1	0.66%	1-Feb-07	56,000,000	(1,233,154)		(1,233,154)
4	2	0.66%	1-Aug-07	56,000,000	(1,233,154)	(3,295,000)	(4,527,271)
5	3	1.06%	1-Feb-08	52,705,000	(1,211,572)		(1,211,572)
5	4	1.06%	1-Aug-08	52,705,000	(1,211,572)	(3,295,000)	(4,505,689)
6	5	1.41%	1-Feb-09	49,410,000	(1,176,809)		(1,176,809)
6	6	1.41%	1-Aug-09	49,410,000	(1,176,809)	(3,295,000)	(4,470,927)
7	7	1.66%	1-Feb-10	46,115,000	(1,130,515)		(1,130,515)
7	8	1.66%	1-Aug-10	46,115,000	(1,130,515)	(3,295,000)	(4,424,632)
8	9	1.84%	1-Feb-11	42,820,000	(1,075,818)		(1,075,818)
8	10	1.84%	1-Aug-11	42,820,000	(1,075,818)	(3,295,000)	(4,369,935)
9	11	1.99%	1-Feb-12	39,525,000	(1,015,354)		(1,015,354)
9	12	1.99%	1-Aug-12	39,525,000	(1,015,354)	(3,295,000)	(4,309,472)
10	13	2.15%	1-Feb-13	36,230,000	(949,949)		(949,949)
10	14	2.15%	1-Aug-13	36,230,000	(949,949)	(3,295,000)	(4,244,066)
11	15	2.27%	1-Feb-14	32,935,000	(879,271)		(879,271)
11	16	2.27%	1-Aug-14	32,935,000	(879,271)	(3,295,000)	(4,173,388)
12	17	2.36%	1-Feb-15	29,640,000	(804,639)		(804,639)
12	18	2.36%	1-Aug-15	29,640,000	(804,639)	(3,295,000)	(4,098,757)
13	19	2.47%	1-Feb-16	26,345,000	(726,877)		(726,877)
13	20	2.47%	1-Aug-16	26,345,000	(726,877)	(3,295,000)	(4,020,995)
14	21	2.68%	1-Feb-17	23,050,000	(645,655)		(645,655)
14	22	2.68%	1-Aug-17	23,050,000	(645,655)	(3,295,000)	(3,939,773)
15	23	2.69%	1-Feb-18	19,755,000	(557,349)		(557,349)
15	24	2.69%	1-Aug-18	19,755,000	(557,349)	(3,295,000)	(3,851,467)
16	25	2.76%	1-Feb-19	16,460,000	(468,714)		(468,714)
16	26	2.76%	1-Aug-19	16,460,000	(468,714)	(3,295,000)	(3,762,831)
17	27	2.80%	1-Feb-20	13,165,000	(377,937)		(377,937)
17	28	2.80%	1-Aug-20	13,165,000	(377,937)	(3,295,000)	(3,672,054)
18	29	2.85%	1-Feb-21	9,870,000	(285,677)		(285,677)
18	30	2.85%	1-Aug-21	9,870,000	(285,677)	(3,295,000)	(3,579,794)
19	31	2.89%	1-Feb-22	6,575,000	(191,769)		(191,769)
19	32	2.89%	1-Aug-22	6,575,000	(191,769)	(3,295,000)	(3,485,887)
20	33	2.93%	1-Feb-23	3,280,000	(96,544)		(96,544)
20	34	2.93%	1-Aug-23	3,280,000	(96,544)	(3,280,000)	(3,390,661)

Subtotal--Permanent Financing Payments \$ (25,655,200) (56,000,000) \$ (81,655,200)

TOTAL \$ (27,065,232) (56,000,000) \$ (83,065,232)

Notes:

1. As of 10/20/03 the 90 day LIBOR rate was 1.17%. The annual rate for interim financing is 90-day LIBOR plus 20 basis points.
2. During the interim financing period, interest payments are due quarterly.
3. The interest rate on each note is calculated as a spread (based upon the HUD August 2002 Public Offering) above the Treasury security of corresponding term.
4. Following the public offering, interest payments only are due Feb.1 and interest and principal payments are due Aug. 1.

DC USA
Financial Projections
Draft

Income and Expense Analysis

Income	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
General Retail	\$7,832,475	\$7,832,475	\$7,832,475	\$7,832,475	\$7,832,475	\$8,615,723	\$8,615,723	\$8,615,723	\$8,615,723	\$8,615,723
General Retail (Subsidized)	272,800	272,800	272,800	272,800	272,800	300,080	300,080	300,080	300,080	300,080
Parking (net of 20% validations)	1,373,166	1,373,166	1,373,166	1,373,166	1,373,166	1,510,483	1,510,483	1,510,483	1,510,483	1,510,483
Common Charges	1,256,972	1,300,818	1,332,474	1,362,019	1,392,456	1,442,722	1,475,024	1,508,302	1,378,850	1,414,167
R.E. Tax Pass-Thru	<u>1,248,938</u>	<u>1,292,651</u>	<u>1,337,894</u>	<u>1,384,720</u>	<u>1,433,186</u>	<u>1,483,347</u>	<u>1,535,264</u>	<u>1,588,999</u>	<u>1,644,613</u>	<u>1,702,175</u>
Sub-total	11,984,351	12,071,910	12,148,809	12,225,180	12,304,082	13,352,355	13,436,574	13,523,585	13,449,749	13,542,627
Vacancy	<u>-1,372,182</u>	<u>-724,798</u>	<u>-607,440</u>	<u>-611,259</u>	<u>-615,204</u>	<u>-667,618</u>	<u>-671,829</u>	<u>-676,179</u>	<u>-672,487</u>	<u>-677,131</u>
Total Income	10,612,169	11,347,112	11,541,369	11,613,921	11,688,878	12,684,737	12,764,745	12,847,406	12,777,261	12,865,496
Expenses										
Real Estate Taxes	1,248,938	1,292,651	1,337,894	1,384,720	1,433,186	1,483,347	1,535,264	1,588,999	1,644,613	1,702,175
<i>Retail & Entertainment Operating Expenses</i>										
Labor - Security	227,760	234,593	241,631	248,880	256,346	264,036	271,957	280,116	288,520	297,175
Labor - Maint. / Cleaning	144,450	148,784	153,247	157,844	162,580	167,457	172,481	177,655	182,985	188,474
Common Utilities	120,000	123,600	127,308	131,127	135,061	139,113	143,286	147,585	152,012	156,573
Repair & Maintenance	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716
Sidewalk Cleaning/Snow Removal	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
Insurance	154,775	159,418	164,201	169,127	174,200	179,426	184,809	190,353	196,064	201,946
Accounting & Legal	50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239
Marketing	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716
Management Fee (@3%)	279,230	301,278	307,106	309,282	311,531	337,493	339,894	342,373	340,269	342,916
Community Relations	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	0	0
Reserve	<u>75,000</u>	<u>77,250</u>	<u>79,568</u>	<u>81,955</u>	<u>84,413</u>	<u>86,946</u>	<u>89,554</u>	<u>92,241</u>	<u>95,008</u>	<u>97,858</u>
Sub-total	1,571,215	1,626,022	1,665,592	1,702,524	1,740,570	1,803,403	1,843,781	1,885,377	1,723,563	1,767,709
<i>Parking Operating Expenses</i>										
Labor (Wages & Benefits)	284,850	293,396	302,197	311,263	320,601	330,219	340,126	350,330	360,839	371,665
Utilities	260,000	267,800	275,834	284,109	292,632	301,411	310,454	319,767	329,360	339,241
Repair & Maintenance	75,000	77,250	79,568	81,955	84,413	86,946	89,554	92,241	95,008	97,858
Sidewalk Cleaning/Snow Removal	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Insurance	77,027	79,338	81,718	84,170	86,695	89,296	91,975	94,734	97,576	100,503
Accounting & Legal	35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,046	44,337	45,667
Marketing	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262
Management Fee	195,000	200,850	206,876	213,082	219,474	226,058	232,840	239,825	247,020	254,431
Reserve	<u>30,000</u>	<u>30,900</u>	<u>31,827</u>	<u>32,782</u>	<u>33,765</u>	<u>34,778</u>	<u>35,822</u>	<u>36,896</u>	<u>38,003</u>	<u>39,143</u>
Sub-total	969,377	998,459	1,028,412	1,059,265	1,091,043	1,123,774	1,157,487	1,192,212	1,227,978	1,264,817
Total Expenses	3,789,530	3,917,132	4,031,899	4,146,509	4,264,798	4,410,524	4,536,532	4,666,587	4,596,154	4,734,701
Net Operating Income	6,822,639	7,429,980	7,509,470	7,467,413	7,424,080	8,274,213	8,228,213	8,180,819	8,181,107	8,130,795
Debt Service*	4,707,869	4,707,869	4,707,869	4,707,869	4,707,869	4,707,869	4,707,869	4,707,869	4,707,869	4,707,869
Pre-tax Cash Flow	2,114,770	2,722,111	2,801,601	2,759,544	2,716,212	3,566,344	3,520,344	3,472,950	3,473,238	3,422,926
Return on Equity	13.65%	17.57%	18.08%	17.81%	17.53%	23.02%	22.72%	22.41%	22.42%	22.09%

* Assumes conventional financing to the developer of \$53,088,914.
Also assumes Section 108 financing of \$43,491,979 from the District. Excludes negative arbitrage on debt service reserve fund.

The debt service number captures what the developer projects to owe in debt service on the conventional debt.
These numbers are developer projections. They are subject to negotiation and should not be considered final.

CERTIFICATIONS REGARDING DEBARMENT, SUSPENSION AND OTHER
RESPONSIBILITIES & MATTERS-PRIMARY COVERED TRANSACTIONS

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that its principals:
- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or Local) transaction of contract under public transactions; violation of Federal or State Antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) Are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or Local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) Have not within a three year period preceding this application/proposal had one or more public transactions (Federal, State or Local) terminated for cause or default.
- (2) Where the prospective primary participants are unable to certify to any of the statements in this certification, such prospective participants shall attach an explanation to this proposal.

Date

Anthony Williams
Mayor
District of Columbia

CERTIFICATIONS REGARDING LOBBYING

I, **Anthony A. Williams**, hereby certify on behalf of the Local Government of the District of Columbia that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of Congress, or of any Federal contract, the making of any Federal Grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or any employee of any agency, a member of the Congress, or cooperative agreement, the undersigned shall complete and submit standard Form-LLL, "Disclosure Form to Report Lobby", in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontract, sub grants, and contracts under grants, loans and cooperative agreements) and that all sub recipients shall certify and disclosure accordingly.

This certification is a material representation of fact upon which reliance is placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each failure.

Date

Anthony A. Williams
Mayor
District of Columbia

**DRUG-FREE WORKPLACE ACT
CERTIFICATION FOR A PUBLIC OR PRIVATE ENTITY**

1. The District of Columbia, certifies that it will provide a drug-free work place by:
 - (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - (b) Establishing an ongoing drug-free awareness program to inform employees about...
 - (1) The dangers of drug abuse in the workplace;
 - (2) The applicant's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violation occurring in the workplace.
 - (c) Making it a requirement that each employee to be engaged in the performance of the grant or cooperative agreement be given a copy of the statement required by paragraph (a);
 - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant or cooperative agreement, the employee will...
 - (1) Abide by terms of the statements; and
 - (2) Notify the employer in writing of his or her conviction for the violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.
 - (e) Notifying the Federal agency in writing, within ten-calendar days after receiving notice on the subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employer of convicted employees must provide notice, including position title, to every project officer or other designee on whose project activity the convicted employee was working, on less the Federal Agencies has designated a central point

Drug-Free Workplace Act

Certification for a Public or Private Entity

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- (e) For the receipt of such notices. Notice should include the identification number (s) of each affected grant or cooperative agreement.
 - (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is convicted...
 - (1) Taking appropriated personal action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or a rehabilitation program approved for such purpose of Federal, State or Local health, law enforcement or other appropriated agencies;
 - (g) Making a good faith effort to continue to maintain a drug-free work place through implementation of paragraph (a), (b), (c), (d), (e) and (f).
2. The Applicant's headquarters are located at the following address; the addresses of all workplaces maintained by the Applicant are provided on an accompanying list.

Name of Applicant	:	District of Columbia
Address	:	1350 Pennsylvania Avenue
City	:	Washington, DC
State	:	District of Columbia
Zip Code	:	20004

Date

Anthony A. Williams
Mayor
District of Columbia

**ACCOMPANYING CERTIFICATION
REGARDING DRUG-FREE WORKPLACE REQUIREMENTS**

Name of Public Entity : District of Columbia

Program Name : Section 108 Loan Guarantee Program

Date : Date

PLACE OF PERFORMANCE

	PROJECT	LOCATION
1.		
2.		
3.		
4.		
5.		
6.		

ENTITLEMENT ENTITY CERTIFICATION

In accordance with Section 108 of the Housing and Community Development Act of 1974, as amended, (the “Act”) and with 24 CFR § 570.704 (b) the District of Columbia certifies that:

- (i) It possesses the legal authority to submit the application for assistance under 24 CFR Part 570, Subpart M and to use the guaranteed loan funds in accordance with the requirements of Subpart M.
- (ii) Its governing body has duly adopted or passed an official act or resolution, motion of similar action authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understanding and assurances contained therein and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required.
- (iii) Before submission of its application to HUD, the public entity has:
 - (a) Furnished citizens with information required by § 570.704 (a)(2)(i);
 - (b) Held at least one public hearing to obtain the view of citizens on community development and housing needs; and
 - (c) Prepared its application in accordance with § 570.704 (a)(1)(iv) and made the application available to the public.
- (iv) It is following a detailed citizen participation plan, which meets the requirements described in § 570.704(a) (2).
- (v) The public entity will affirmatively further fair housing, and the guaranteed loan funds will be administered in compliance with:
 - (a) Title VI of Civil Rights Act of 1964 (Pub. L. 88-352, 42 U.S.C. 2000 d et seq.); and
 - (b) The Fair Housing Act (42 U.S.C. 3601-20)
- (vi) In the aggregate, at least 70 percent of all CDBG funds, as defined at § 570.3 (3), to be expended during the one, two, or three consecutive years specified by the public entity for its CDGB programs will be for activities which benefit low and moderate income persons, as described in criteria at §570.208(a).

Entitlement Public Entity Certification

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Exhibit H: Certifications of the District

It will comply with the requirements governing displacements, relocation, real property acquisition, and the replacement of low and moderate-income housing described in §570.606.

- (vii) It will comply with requirements of § 570.200 (c) (2) with regard to the use of special assessments to recover the capital costs of activities assisted with guaranteed loan funds.
- (viii) It will comply with the other provisions of the Act and with other applicable laws.

Date

Anthony A. Williams
Mayor
District of Columbia

CERTIFICATION OF EFFORTS TO OBTAIN OTHER FINANCING

The District of Columbia hereby certifies and assures with respect to its application for a loan guarantee pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, that it has made efforts to obtain financing for the activities described herein without the use of such guarantee, it will maintain documentation of such efforts for the term of the loan guarantee, and it cannot complete such financing consistent with the timely execution of the project without such guarantee.

Date

Anthony A. Williams
Mayor
District of Columbia

**CERTIFICATION OF LEGAL AUTHORITY
TO PLEDGE GRANTS**

The District of Columbia hereby certifies and assures with respect to its application for a loan guarantee pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, that it possesses the legal authority to make the pledge of grants required under 24 CFR § 570.705

Date

Anthony A. Williams
Mayor
District of Columbia

Comparative Analysis: TIF vs. Section 108

Total Debt Service	\$ (83,065,232)	Total Payments made on Section 108 Loan
Net Debt Service	\$ (76,585,738)	Undiscounted net total payments on Section 108 Loan

GFG \$ 41,487,127

Net Construction TIF proceeds requested
Par Amount of bonds

Developer assumptions

pg. 27

\$ 46,487,781 Applicant request
\$ 74,895,000 GFG extrapolation

Par amount of bonds = principal that needs to be repaid on bonds

Interest = interest paid on bonds that finance the par amount

Total paid = principal + interest for each year

GFG / TIF

Total principal

\$ 74,895,000

Exhibit I: Total Borrowing Costs Under TIF vs. Section 108

All numbers in millions of nominal dollars.

		TIF		Section 108		Cost Savings
Total principal	\$	75	\$	56		
Total interest	\$	112	\$	27	\$	85
Total payments	\$	187	\$	83	\$	<u>104</u>

Notes

The TIF amounts are those projected by ARD/Government Finance Group (GFG) in its 09/03/2002 study for the Chief Financial Officer. The total par amount of bonds projected is based on a requested project fund of \$46.5 million. Based on GFG's assumptions about the issuance costs of TIF bonds (e.g. underwriter's discount, yield), GFG estimated that the District would need to issue about \$75 million in TIF bonds to net the requested proceeds. See GFG's report for specific assumptions and methodology.

The Section 108 amounts are forecast by the National Development Council (NDC). NDC assumed the District required \$43.5 million for the parking garage and \$6 million for public realm improvements and local retail support. NDC estimated the issuance costs required to transact the Section 108 borrowing at about \$6.5 million. See Exhibit C for the methodology and assumptions that NDC used to forecast the loan repayment schedule.

All dollar figures are nominal amounts.

Exhibit I: Total Borrowing Costs Under TIF vs. Section 108

	TIF	Section 108	Cost Savings
Total principal	\$ 74,895,000	\$ 56,000,000	
Total interest	\$ 112,492,000	\$ 27,065,232	\$ 85,426,768
Total payments	\$ 187,387,000	\$ 83,065,232	<u>\$ 104,321,768</u>

Cost savings equals estimated TIF costs minus estimated Section 108 costs

Notes

The TIF amounts are those projected by ARD/Government Finance Group (GFG) in its 09/03/2002 study for the Chief Financial Officer. The total par amount of bonds projected is based on a requested project fund of \$46.5 million. Based on GFG's assumptions about the issuance costs of TIF bonds (e.g. underwriter's discount, yield), GFG estimated that the District would need to issue about \$75 million in TIF bonds to net the requested proceeds. See GFG's report for specific assumptions and methodology.

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All dollar figures are nominal amounts.

Public Realm Framework - Columbia Heights Public Realm Improvements
Prepared by DC Office of Planning

Parcel	Construction Zone	Construction Cost	Construction Cost with 20% Contingency	Developer Cost	Potential Funding Gap
Curbside Improvements - Development Projects					
Metro	29 Southeast / 14th Frontage				
	Parcel 29a / Tivoli Theater	360,400			
	Curb and Gutter	59,500			
	Parcel 29b / Giant Frontage	177,780			
	Curb and Gutter	29,000			
	Subtotals	626,680	752,016	376,008	376,008
	METRO Parcel				
	Triangle Development	157,200			
	Curb and Gutter	32,000			
	Subtotals	189,200	227,040	113,520	113,520
	38 14th St. / Park-to-Kenyon				
	Parcel 38 / Civic Plaza	1,128,800			
	Curb and Gutter	29,100			
	Subtotals	1,157,900	1,389,480	-	1,389,480
	15 14th St. / Kenyon-to-Irving				
	Parcel 15 / Donnatellie & Klein	441,000			
	Curb and Gutter	79,000			
	Subtotals	520,000	624,000	312,000	312,000
	26 14th St. / Irving-to-Columbia Rd.				
	Parcel 26 / Donatelli and Klein	375,680			
	Curb and Gutter	53,700			
	Subtotals	429,380	515,256	257,628	257,628
	27 14th St. / Park-to-Irving				
	Parcel 26 / Donnatelli & Klein	549,600			
	Curb and Gutter	128,000			
	Subtotals	677,600	813,120	406,560	406,560
	24 14th St. / Monro Ave. - North				
	Northwest / 14th Frontage	101,730			
	Parcel 24 / Dance Institute	37,000			
	Subtotals	138,730	166,476	83,238	83,238
SUBTOTAL		3,739,490	4,487,388	1,548,954	2,938,434
Curbside Improvements - Adjacent to Existing Development					
	14th St. Monro-to-Park				
	Southwest / 14th Frontage				
	Riggs Bank Building	239,960			
	Curb and Gutter	67,900			
	Subtotals	307,860	369,432	-	369,432
	CVS Pharmacy Site	115,800			
	Curb and Gutter	20,600			
	Subtotals	136,400	163,680	-	163,680
	Northeast / 14th Frontage	110,265			
	Curb and Gutter	28,000			
	Subtotals	138,265	165,918	-	165,918
	SUBTOTAL	582,525	699,030	-	699,030
Streetside Improvements - 14th Street NW					
	14th St. / Monro Ave.				
	Crosswalks Only	30,180			
	Subtotals	30,180	36,216	-	36,216
	14th St. / Park / Kenyon				
	Plaza Extension thru Intersection				
	14th St. R.O.W.	365,920			
	Park Ave. NW R.O.W.	11,200			
	Park Ave. NE R.O.W.	43,040			
	Kenyon Ave. NE R.O.W.	45,600			
	Subtotals	465,760	558,912	-	558,912
	14th St. / Midblock	192,624			
	Subtotals	192,624	231,149	-	231,149
	14th St. / Irving Intersection				
	Plaza Extension thru Intersection				
	14th St. R.O.W.	220,000			
	Irving St. West R.O.W.	59,408			
	Irving St. East R.O.W.	16,608			
	Subtotals	296,016	355,219	-	355,219
SUBTOTAL		984,580	1,181,496	-	1,181,496
TOTAL		5,306,595	6,367,914	1,548,954	4,818,960

Total Project Development Costs*

Complex Costs

Target	\$	32,916,975
Retail	\$	67,510,188
Total Complex	\$	<u>100,427,163</u>

Parking Facility Costs

108 Loan Guarantee	\$	42,235,129
Land Subsidy	\$	3,072,625
Total Parking Facility	\$	<u>45,307,754</u>

Neighborhood Economic Development Costs

Infrastructure Improvements	\$	4,800,000
Façade & Retail Upgrade	\$	1,200,000
Neighborhood Economic Development Costs	\$	<u>6,000,000</u>

Section 108 Financing Costs

Capitalized Interest	\$	1,410,033
Debt Service Reserve Fund	\$	4,320,319
Costs of Origination	\$	565,500
Contingencies	\$	212,169
Total 108 Financing Costs	\$	<u>6,508,021</u>

Total Project Cost

Complex Cost	\$	100,427,163
Parking Facility Cost	\$	45,307,754
Neighborhood Economic Development Costs	\$	6,000,000
Section 108 Financing Costs	\$	6,508,021
Total Project Cost	\$	<u><u>158,242,938</u></u>

*Internal government projections as of 11/03/2003, based on Developer and Consultant projections. *Subject to negotiation* .